

Message Text

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73

ACTION IO-14

INFO OCT-01 NEA-10 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 SR-02 ORM-03 SCA-01 AID-20 TRSE-00 OMB-01

ABF-01 EB-11 RSR-01 /133 W

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R 141532Z AUG 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 3728

INFO AMEMBASSY AMMAN

AMCONSUL JERUSALEM

AMEMBASSY TEL AVIV

USMISSION USUN NEW YORK

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DEPT PASS USINT CAIRO

E.O. 11652: N/A

TAGS: SREF, PFOR, UNRWA, XF

SUBJECT: UNRWA - DRAFT ANNUAL REPORT

SUMMARY: UNRWA COMGEN ON AUG. 8 CIRCULATED TO ADCOM MEMBERS HIS DRAFT ANNUAL REPORT FOR YEAR ENDING JUNE 30, 1973. (COPIES POUCHED IO, NEA AND USUN AUG. 10.) ADCOM SCHEDULED MEET AUG. 22 (US REP WILL CHAIR MTG) TO CONSIDER REPORT, WHICH IN GENERAL APPEARS LUCID, BALANCED AND SOBER ACCOUNT OF AGENCY'S OPERATIONS AND FUTURE PROSPECTS. EMBASSY WOULD APPRECIATE RECEIVING DEPT'S COMMENTS ON REPORT FOR TRANSMITTAL TO COMGEN. END SUMMARY.

1. FOLLOWING ARE HIGHLIGHTS OF COMGEN'S REPORT:

(A) FINANCES: AFTER NOTING WELCOME IMPROVEMENT
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IN UNRWA FINANCIAL SITUATION DURING 1972, COMGEN RECOUNTS

HOW AGENCY SINCE FEB. 1973 WAS SEVERELY AFFECTED BY US DOLLAR DEVALUATION, CONSEQUENT INCREASED OPERATING COSTS AND ACCELERATING INFLATION. HE REPORTS UNRWA'S ESTIMATED BUDGET DEFICIT FOR CY 1973 IN MID-JUNE STOOD AT DOLS 4.1 MILLION AND THAT OUTLOOK FOR CY 1974 -- ON BASIS CONTINUED INFLATIONARY TRENDS, ETC. -- EVEN MORE ALARMING (WITH DEFICIT FORECAST AT DO S 10.4 MILLION).

COMGEN NOTES THIS NEW FINANCIAL CRISIS HAS CAUSED THREAT OF SEVERE CUTBACKS IN UNRWA SERVICES TO RETURN, SINCE CASH ON HAND LIKELY BE INSUFFICIENT MEET NECESSARY EXPENDITURES BY END OF CURRENT YEAR. HE PREDICTS AGENCY'S VALUABLE EDUCATION PROGRAM WILL INEVITABLY SUFFER FROM MEASURES REQUIRED TO AVOID BANKRUPTCY. COMGEN CONCLUDES THAT ANY DECISION IMPOSE MAJOR REDUCTIONS IN UNRWA EDUCATION WILL HAVE "SUCH SERIOUS POLITICAL CONSEQUENCES AND SUCH OMINOUS IMPLICATION FOR PEACE AND SECURITY" THAT HE WILL BE REQUIRED "SEEK AND RECEIVE GUIDANCE AND DIRECTIONS FROM UNGA." (COMGEN PRIVATELY HAS TOLD EMBOFF THAT HE DOES NOT RPT NOT EXPECT UNGA WILL ACTUALLY PROVIDE SUCH GUIDANCE.)

(B) DEVELOPMENTS AFFECTING UNRWA OPERATIONS:

COMGEN OUTLINES IN CONSIDERABLE DETAIL IMPACT WHICH ISRAELI RAIDS AND MAY LEBANESE-FEDAYEEN HOSTILITIES HAD ON AGENCY'S OPERATIONS IN LEBANON. HE ALSO DISCUSSES PROBLEMS GENERATED FOR AGENCY BY SYRIA'S CLOSURE OF LEBANESE BORDER SINCE EARLY MAY. RE OCCUPIED TERRITORIES, HE NOTES THAT CONTINUANCE OF THEIR DE FACTO INTEGRATION INTO ISRAELI ECONOMY -- WHILE BRINGING MANY IMMEDIATE MATERIAL BENEFITS TO REFUGEES - MAY HAVE OTHER UNFORESEEN LONG-TERM ECONOMIC, SOCIAL AND CULTURAL EFFECTS. CONGEN STATES THAT SINCE UNRWA CANNOT REGARD MILITARY OCCUPATION AS OTHER THAN TEMPORARY, HE HAS NOT CONSIDERED IT PROPER OR APPROPRIATE MAKE WHOLESAL CUTS IN RATION SERVICES BY MEANS OF "EXCEPTIONAL PROCEDURES". HE ALSO ENUMERATES SEVERAL INSTANCES OF INTERFERENCE LIMITED OFFICIAL USE

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BY OCCUPATION AUTHORITIES IN UNRWA'S GAZAN OPERATIONS, BUT IS CAREFUL TO REPORT OTHSA INSTUANCES OF IMPROVED COOPERATION BETWEEN AGENCY AND MILGOV OFFICIALS IN THAT AREA.

(C) RECTIFICATION OF ROLLS: COMGEN, AS IN PAST YEARS, REPORTS LITTLE PROGRESS IN CORRECTING RATION ROLLS IN LEBANON AND EAST JORDAN, BUT NOTES SOME NEW

PROGRESS MADE IN SYRIA. AS FOR OCCUPIED TERRITORIES,
GOOD PROGRESS IN RECTIFICATION STILL BEING MADE,
INCLUDING DELETION OF REFUGEES FOUND TO HAVE SIZEABLE
STEADY INCOMES. OVERALL, HE REPORT 33,900 NAMES, OF
WHICH 26,788 WERE RATION RECIPIENTS, REMOVED FROM
AGENCY'S RELIEF ROLLS IN FY 1973, BUT ADDS THAT SOME
378,000 ELIGIBLE
CHILDREN FOR WHOM NO RATIONS ARE
AVAILABLE ARE STILL ON WAITING LIST. TOTAL NUMBER

OF REFUGEES REGISTERED WITH AGENCY IN MID-1973 WAS
1.54 MILLION, A 2.3 PERCENT INCREASE OVER LAST YEAR'S
FIGURE.

(D) LEGAL PROBLEMS: COMGEN CITES CASES IN WHICH
AGENCY STAFFERS WERE DETAINED OR JAILED IN EAST JORDAN
AND OCCUPIED TERRITORIES, AS WELL AS RESTRICTIONS
IMPOSED ON MOVEMENT OF UNRWA OFFICIALS AND TRANSPORT
OF AGENCY GOODS IN SYRIA. HE REVIEWS SLIGHT PROGRESS
(BEIRUT 7703) MADE IN HAVING UNRWA-OWNED STRUCTURES IN
LEBANESE REFUGEE CAMPS RETURNED TO AGENCY CONTROL.

3. EMBASSY WOULD APPRECIATE RECEIVING ANY COMMENTS
ON DRAFT REPORT THAT DEPT WOULD WISH TRANSMITTED
PRIVATELY TO COMGEN, AS WELL AS SUGGESTIONS RE US
REP'S FORMAL REMARKS AT FORTHCOMING ADCOM MEETING.
DECON 8/14/74.
BUFFUM

NOTE BY OC/T: NOT PASSED USINT CAIRO.

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